

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1426 - SB 1446

January 22, 2016

SUMMARY OF BILL: Adds language to the definition of “public works project”, for the purpose of the Local Government Public Obligations Act of 1986, which effectively authorizes Davidson County to issue bonds to finance construction of affordable housing or workforce housing, or to fund expenses related to a housing trust fund.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$147,100/Permissive

Assumptions:

- This bill is only applicable to Davidson County; therefore, no fiscal impact to state government.
- The bill does not require Davidson County to issue any type of bonds; therefore, any fiscal impact to Davidson County is considered permissive.
- The fiscal impact of this bill to Davidson County is dependent upon several unknown factors such as (1) the number of projects financed with bonds underwritten as a result of this bill’s authorization, (2) the extent of any construction costs related to any project which would be financed with such bonds, (3) the terms of the bonds issued, (4) the interest rate for any bonds issued, and (5) the timing for which any bonds are underwritten and issued.
- Davidson County issues bonds attributable to the authorization provided for in this bill to an extent that there is at least one outstanding bond for which debt is being serviced in any given fiscal year beginning in FY16-17 with a minimum principal of \$2,000,000, a minimum term of 20 years, and a minimum interest rate of four percent.
- Utilizing time value of money calculations, the annual debt service for any such bond (principal plus interest) would be approximately \$147,164 per year. Therefore, the permissive and recurring increase in local expenditures to Davidson County is estimated to exceed \$147,100.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista M. Lee in cursive script.

Krista M. Lee, Executive Director

/amj